



STATE OF UTAH
NATURAL RESOURCES & ENERGY
Oil, Gas & Mining


Scott M. Matheson, Governor
Temple A. Reynolds, Executive Director
Cleon B. Feight, Division Director

4241 State Office Building • Salt Lake City, UT 84114 • 801-533-5771

MEMORANDUM

ACT/037/007

TO: Board of Oil, Gas and Mining

FROM: Thomas N. Tetting, Engineering Geologist 

SUBJECT: Atlas Minerals Proposed Mined Land Reclamation Contract

DATE: March 24, 1982

Attached to this memo is a copy of a recently reactivated, proposed contract for Atlas Minerals' mining operation. In February 1981, James Holtkamp, Atlas' attorney, originally proposed this contract to the then acting Assistant Attorney General Denise Dragoo. Negotiations ensued throughout March and April of 1981 over the exact form and the matter had been mentioned informally before the Board (see memo from VanCott, Bagley, Cornall and McCarthy attached).

Atlas has 21 uranium mines covering approximately 290 acres of surface disturbance. Many of these mines were in operation prior to the enactment of the Mined Land Reclamation Contract in 1975. Many had had amendments added to the operations. All of them are in a variety of stages of review; some are completed and approved with existing contracts, some are still at the levels of tentative approval, some have had sureties assessed, some not, some operations are in a state of suspension, i.e., not actively mining but surface disturbances are unreclaimed pending market changes. For the operations that are approved, the current contracts in effect maintain Atlas Minerals personal guarantee for the estimated reclamation surety assessed by the Division.

The new contract attached is proposed to be applied to all Atlas Minerals' mining operations excluding the Moab mill and would supersede separate, individual contracts for each mine. The contract has been reviewed by the current Assistant Attorney General Carolyn Driscoll, and with one exception approved. My opinion is that if instituted, it will simplify updating individual surety calculations which are generally subject to great variation in schedules and inflationary amounts. The contract will become dependant upon a separate section entitled "Exhibit B" which will list the operations involved and include individual and general surety cost estimates but will not be limited to these variable and fluctuating amounts.

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One of the reasons for the time element involved in the contract presentation, i.e., one year, was the development of the revegetation test plot proposal mentioned as Item #3 of page #3 of the contract. This has now been approved by the Division.

Pending completion by the Division of a review and update of each individual mining and reclamation plan, and the introduction of Exhibits A and B, this contractual agreement will be put before the Board in a formal presentation. Currently, I wish only to prepare the Board for action on the matter and to bring out any questions in the next month or so which may effect the adoption of this contract.

Attachments

TNT/btb

DRAFT
2/19/81

MINED LANDS RECLAMATION CONTRACT

THIS CONTRACT, made and entered into this ____ day of _____, 19__, between Atlas Corporation, a Delaware corporation (hereinafter called the "Operator"), and the Board of Oil, Gas, and Mining, duly authorized and existing by virtue of the laws of the State of Utah (hereinafter called the "Board").

W I T N E S S E T H:

WHEREAS, the Operator is the owner or lessee and is in possession of certain mines and associated workings in the State of Utah (hereinafter called the "Mines"), which are more particularly described on Exhibit "A" attached hereto and by this reference made a part hereof; and

WHEREAS, the operator has filed Notices of Intention to Commence Mining Operations and Mining and Reclamation Plans for the Mines, as listed on Exhibit "B" attached hereto and by this reference made a part hereof; and

WHEREAS, the aforesaid Notices and Plans have been approved by the Board or are pending approval by the Board as shown on Exhibit "B"; and

WHEREAS, the Operator is able and willing to conduct reclamation operations at the Mines in accordance with the

change.
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requirements specified in the aforesaid Notices and Plans, the Mined Land Reclamation Act, and the rules and regulations adopted in connection therewith; and

WHEREAS, the Board has considered the factual information and recommendations provided by the staff of the Division of Oil, Gas, and Mining as to the magnitude, ^{And} type ~~and costs~~ of the approved reclamation activities planned for the Mines; and

WHEREAS, the Board is cognizant of the nature, extent, duration of the operations at the mines, the Operator's financial status, and the Operator's ability to carry out the planned work.

NOW, THEREFORE, in consideration of the promises and covenants herein contained the Operator and the Board hereby agree as follows:

1. The Operator agrees to reclaim the land affected by mining activities at the Mines in accordance with the Operator's approved Mining and Reclamation Plans listed in Exhibit "B", the Mined Land Reclamation Act, and the regulations adopted under said Act.

2. The Operator and the Board agree that, except as specifically provided herein, reclamation of the land affected by mining activities at the Mines shall be governed only by the Mining and Reclamation Plans listed in Exhibit "B" as

approved by the Board and applicable laws and regulations.

3. The Operator agrees to develop and maintain revegetation test plots at the sites and under the conditions proposed by the Operator and approved by the Board.

4. The Operator agrees to revegetate the land affected by mining activities at the Mines based on the data derived from the revegetation test plots described in paragraph 3 above.

5. The Operator shall be an independent contractor and as such shall have no authorization to bind the State of Utah or the Board to any agreement except as herein set forth.

6. The Operator agrees to hold harmless the State of Utah, the Board, and the Division of Oil, Gas, and Mining from claims for personal injury or death, damages to personal property and liens of workmen and materialmen, howsoever caused, in performance of this contract.

7. In lieu of accepting a bond or surety, the Board agrees to accept the Operator's personal guarantee as set forth in this contract, to reclaim the land affected by the Mines in accordance with the Operator's Mining and Reclamation Plans listed in Exhibit "B" as approved by the Board.

8. This Contract shall fulfill the Operator's obligations under Section 40-8-14, Utah Code Annotated, and Rule M-5 of the Board's Regulations.

9. If the Operator does not comply with its obligations under this Contract as to any of the Mines, the Board shall give to the Operator a notice of noncompliance and shall initiate proceedings to revoke the approval of the Notice of Intention to Commence Mining Operations relating to the mine which is not in compliance with this Contract. Such proceedings shall be governed by applicable law.

10. If the Mined land Reclamation Act, the regulations adopted thereunder, or any other statute or regulation, are amended to remove the legal requirement serving as the basis for any provision of this Contract, the Operator will no longer be required to comply with such provision of the Contract. Nothing herein, however, shall be deemed to relieve the Operator from compliance with applicable laws and regulations relating to reclamation of land affected by the operations of any of the mines.

IN WITNESS WHEREOF, the parties hereto have respectively set their hands and seals this _____ day of _____, 19__.

ATTEST:

ATLAS CORPORATION

SEAL

BOARD OF OIL, GAS, AND MINING

By _____

STATE OF UTAH)
 : ss.
COUNTY OF)

On the _____ day of _____, 19____, A.D.,
personally appeared before me _____,
who being by me duly sworn did say that he is the _____
_____ of Atlas Corporation, and that said instrument
was signed in behalf of said corporation by authority of its
bylaws, and said _____ acknowledged
to me that said corporation executed the same.

NOTARY PUBLIC
Residing At: _____

My Commission Expires:

_____, Secretary of the Board of
Oil, Gas, and Mining of the State of Utah, hereby certifies
that the foregoing Surety Agreement was approved by the
Board on the _____ day of _____, 19____, in
Cause No. _____.

MEMORANDUM

Van Cott, Bagley, Cornwall & McCarthy

Matter: Atlas Minerals Reclamation Contract

File:

Date: March 27, 1981

To: James A. Holtkamp

From: H. Michael Keller

Pursuant to your request, I attended the meeting of the Board of Oil, Gas, and Mining today for the purpose of monitoring the Board's decision on Atlas' Reclamation Contract. The matter was reviewed by the Board in executive session. Apparently, the Division had received a letter from John Blake of the Division of State Lands stating that his agency will no longer accept the type of surety agreement that has been used by DOGM but will require that a bond or escrow arrangement be used for operators on state lands. Board members Beck and Bell expressed concern regarding the possibility of differing policies among the various state agencies with respect to bonds and surety agreements. A suggestion was made by someone on the Board that the matter should be submitted to the Attorney General's office for review. It was also suggested that the Board accept Atlas' contract only with respect to lands which were not subject to the jurisdiction of the Division of State Lands.

I suggested that unless the Board or the Division had some specific concern with respect to the contract, it should go forth with the acceptance of that contract with respect to all of the lands covered thereby, and allow the Division of State Lands to resolve any differences it might have with Atlas. Although there was no formal vote on the matter, it was my impression that the Board agreed to accept this suggestion and go forth with the execution of the contract. Jim Smith and Ron Daniels favored that course of action.

With respect to the letter from John Blake regarding the surety requirements of the Division of State Lands, it is my understanding that this position was personally formulated by Mr. Blake and has not been formally adopted by his agency or by the Board of State Lands.

HMK

HMK:al